



# **BENCHMARK**

## **COMMUNITY BANK**

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June 17, 2005

Jennifer J. Johnson  
Secretary, Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue, NW  
Washington, DC 20551

Dear Ms. Johnson,

I would like to express my opposition to the **Proposed Classification of Commercial Credit Exposures**.

The current FAS 114 review already requires that we calculate loss severity for loans rated below the "Pass" category. Our bank currently utilizes six classifications, Pass, Pass – Acceptable with Care, Special Mention, Substandard, Doubtful, and Loss, in our quarterly review of commercial borrowers. Any relationship graded below "Pass" is subjected to a detailed review whereby a specific reserve is established based on that relationship's projected loss amount.

The current system is effective and already accomplishes what this new method proposes. A change will only introduce more confusion and cost into the process with no measurable benefit to the safety and soundness of the bank.

Sincerely,

Janice Pernell  
Senior Vice President and  
Compliance Officer